



Avista Corp.

1411 East Mission P.O. Box 3727
Spokane, Washington 99220-0500
Telephone 509-489-0500
Toll Free 800-727-9170

March 27, 2014

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
P O Box 83720
Boise, ID 83720-0074

RECEIVED
2014 MAR 28 AM 8:14
IDAHO PUBLIC
UTILITIES COMMISSION

Re: Avista Application No. AVU-E-14-03

Dear Ms. Jewell:

Enclosed for filing with the Commission is an original and seven (7) copies of Avista Corporation, doing business as Avista Utilities application, proposing revisions to tariff Schedule 62 "Cogeneration and Small Power Production Schedule."

Please direct any questions on this matter to Clint Kalich, Manager of Resource Planning at (509) 495-4532 or Michael Andrea, Senior Counsel at (509) 495-2564.

Sincerely, -

A handwritten signature in blue ink, reading "Linda Gervais", is written over the typed name.

Linda Gervais
Manager, Regulatory Policy
Avista Utilities
linda.gervais@avistacorp.com
509-495-4975

Enclosures

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IDAHO PUBLIC
UTILITIES COMMISSION

MICHAEL G. ANDREA
SENIOR COUNSEL FOR
AVISTA CORPORATION
P.O. BOX 3727
1411 EAST MISSION AVENUE
SPOKANE, WASHINGTON 99220-3727
TELEPHONE: (509) 495-2564
michael.andrea@avistacorp.com

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF AVISTA CORPORATION FOR THE) CASE NO. AVU-E-14-03
PROPOSED REVISIONS TO TARIFF)
SCHEDULE 62 COGENERATION AND SMALL)
POWER PRODUCTION SCHEDULE)

I. INTRODUCTION

Avista Corporation, doing business as Avista Utilities (hereinafter Avista or Company),
at 1411 East Mission Avenue, Spokane, Washington, respectfully proposes revisions to tariff
Schedule 62 "Cogeneration and Small Power Production Schedule." Provided as Attachment A
are the proposed revisions to the following tariff sheets, I.P.U.C. No. 28:

Fourth Revision Sheet 62	Canceling	Third Revision Sheet 62
Fourth Revision Sheet 62A	Canceling	Third Revision Sheet 62A
Fifth Revision Sheet 62B	Canceling	Fourth Revision Sheet 62B
Original Sheet 62C	New	
Original Sheet 62D	New	
Original Sheet 62E	New	
Original Sheet 62F	New	
Original Sheet 62G	New	

The Company requests that this filing be processed under the Commission's Modified
Procedure rules.

1 Communications in reference to this Application should be addressed to:

2 Michael G. Andrea
3 Senior Counsel
4 Avista Corporation
5 P.O. Box 3727
6 1411 E. Mission Avenue, MSC-
7 Spokane, WA 99220-3727
8 Phone: (509) 495-2564
9 michael.andrea@avistacorp.com

Linda M. Gervais
Manager, Regulatory Policy
Avista Corporation
P.O. Box 3727
1411 E. Mission Avenue, MSC-27
Spokane, WA 99220-3727
Phone: (509) 495-4975
linda.gervais@avistacorp.com

11 II. BACKGROUND

13 In Case No. GNR-E-11-03, several parties expressed an interest in the investor-owned
14 utilities, including Avista, developing and adopting certain procedures to be used by QF
15 developers and such utilities to negotiate and enter into power purchase agreements under
16 PURPA. In Order No. 32697, the Commission directed the parties to participate in workshops
17 “to begin to form a structure for fair and reasonable contracting procedures and rules¹.” Avista
18 participated in the workshops on contracting procedures for QFs held on September 17, 2013 and
19 November 14, 2013. Draft proposed contracting procedures prepared by the utilities (including
20 Avista) and certain QF developers were discussed at those workshops; however, a consensus on
21 a complete set of contracting procedures to be used by all utilities was not reached. In a letter
22 dated December 12, 2013 filed in the Case, Avista stated that it intended to develop a complete
23 set of procedures to be used when it is negotiating and entering into contracts with QF
24 developers. Avista further proposed that, to the extent that such procedures are to be filed with
25 the Commission, such procedures would be filed in a new utility-specific case.

26
27
¹ Order No. 32697 at 48.

III. PROPOSED TARIFF REVISIONS

Avista's proposed tariff revisions provide procedures to be used by Avista and QF developers in negotiating and entering into power purchase agreements for the sale of the electrical output of QFs to Avista under PURPA at avoided cost rates. As discussed in more detail below, the procedures to be included in Avista's Schedule 62 generally (i) detail the information QF developers are to provide to the Company; and (ii) provide timelines for both QF developers and Avista to follow in the process of negotiating and entering into a power purchase agreement.

A. Applicability

As a threshold matter, Avista's proposed contracting procedures will apply to all QF developers that desire to make sales to Avista under PURPA and that will deliver electrical output at a point of delivery on Avista's electrical system that is located in the State of Idaho. Accordingly, if Avista's proposed contracting procedures are approved, Schedule 62 will provide the procedures to be used in negotiating and entering into power purchase agreements with QF developers that are eligible for published avoided cost rates and QF developers that receive a negotiated (IRP) avoided cost rate.

B. Information QF Developers are to Provide Avista and Indicative Pricing

Section (1)A, of Avista's proposed contracting procedures sets forth the general information a proposed QF developer is to provide to Avista to obtain an indicative pricing proposal for a proposed QF. After satisfactory receipt of such information, Avista will provide an indicative pricing proposal to the QF developer. Such indicative pricing proposal is to be provided within ten (10) business days for QFs eligible for published avoided cost rates, and within twenty-five (25) business days for all other QFs. The indicative pricing proposal is not final or binding on either party, but is intended to provide indicative pricing early in the process so that the QF developer can make preliminary determinations regarding its proposed project and its desire to sell output to Avista under PURPA.

1
2 **C. Draft Power Purchase Agreement**

3 Under Section (1)E of the contracting procedures, if after receiving an indicative pricing
4 proposal from Avista, a QF developer determines that it wants to negotiate a power
5 purchase agreement with Avista under PURPA, the QF developer may request that
6 Avista prepare a draft power purchase agreement. In connection with such request, the
7 QF developer is to provide Avista with any additional information that Avista reasonably
8 determines is necessary for the preparation of the power purchase agreement. Upon
9 satisfactory receipt of all such information, Avista shall, within fifteen (15) business
10 days, provide the QF developer with a draft power purchase agreement containing a
11 comprehensive set of proposed terms and conditions for the sale by the QF developer and
12 purchase by Avista of the QF's output.

13
14 Upon its receipt of a draft power purchase agreement, the QF developer is to have ninety
15 (90) calendar days to review the draft power purchase agreement and to either (a) notify
16 Avista that it accepts the terms and conditions of the draft power purchase agreement
17 without any material change and is ready to execute a power purchase agreement that is
18 the same or substantially similar to the draft power purchase agreement, or (b) provide
19 Avista an initial set of comments and proposed changes to the draft power purchase
20 agreement.

21
22 If the QF developer provides any comments or proposed changes to the draft power
23 purchase agreement, the QF developer shall contact Avista to commence negotiations.
24 Section (1)J of the contracting procedures sets forth general guidelines to be used during
25 such negotiation of any draft power purchase agreement, including requirements that
26 Avista not unreasonably delay such negotiations and that Avista respond in good faith to
27 any additions, deletions or modifications to the draft power purchase agreement that are
28 proposed by the QF developer.

29
30 When the parties are in full agreement with the terms and conditions of the draft power
31 purchase agreement, including the price for delivered power, Avista shall, within ten (10)
32 business days, prepare and forward to the QF developer a final, executable version of the

1 power purchase agreement. Upon its receipt of the final, executable version of the power
2 purchase agreement, the QF developer shall have five (5) business days to execute and
3 return the final power purchase agreement to Avista. If the QF developer timely executes
4 and returns the power purchase agreement to Avista, Avista will, within ten (10) business
5 days of its receipt of the executed power purchase agreement, execute the power purchase
6 agreement and submit the fully executed power purchase agreement to the Commission
7 for approval.

8
9 If the QF developer fails to comply with the timelines in the contracting procedures set
10 forth in Schedule 62, Avista shall have no obligation to the QF developer unless or until
11 its project is resubmitted to Avista in accordance with the contracting procedures. Thus,
12 if the QF developer does not execute the final power purchase agreement tendered to the
13 QF developer within five (5) business days as required by Section (1)L of the contracting
14 procedures, the final power purchase agreement tendered to the QF developer by Avista
15 will be deemed withdrawn and Avista shall have no further obligation to the QF
16 developer unless or until the QF developer resubmits its project in accordance with the
17 contracting procedures.

18 19 **IV. CONCLUSION**

20 WHEREFORE, Applicant respectfully request that the Commission issue an
21 Order approving its proposed contracting procedures set forth in tariff Schedule 62 with an
22 effective date rendered on and after May 5, 2014, with this application being processed under
23 Modified Procedure.

24 DATED at Spokane, Washington, this 27th day of March, 2014.

25 AVISTA CORPORATION

26 By  _____

27 Michael G. Andrea,

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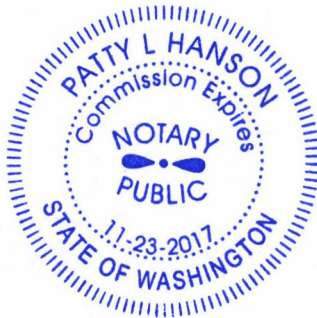
Senior Counsel
VERIFICATION

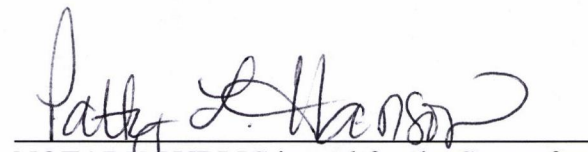
STATE OF WASHINGTON)
)
County of Spokane)

Michael G. Andrea, being first duly sworn, on oath deposes and says: that he is the Senior Counsel for Avista Corporation; that he has read the above and foregoing Application, knows the contents thereof, and believes the same to be true.



SIGNED AND SWORN to before me this 27th day of March 2014, by Michael G. Andrea.




NOTARY PUBLIC in and for the State of
Washington, residing at Spokane.

Commission Expires: 11/23/2017

Tariff Sheets

Clean

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO

AVAILABLE:

In all electric territory served by the Company in the State of Idaho.

APPLICABLE:

To Qualifying Facilities that intend to interconnect to the Company's electrical system at an interconnection point within the State of Idaho or that intend to deliver the output to the Company at a point of delivery on the Company's electrical system within the State of Idaho.

To be eligible for the rates provided under this tariff, the Facility must be a Qualifying Facility with a maximum generating capability equal to or less than the Eligibility Cap.

A Customer selling the output of any Qualifying Facility (including both Qualifying facilities with a maximum generating capability equal to or less than the Eligibility Cap and Qualifying Facilities with a maximum generating capability greater than the Eligibility Cap) will be required to enter into a written agreement with the Company in accordance with the contracting procedures set forth in this tariff. Any such agreement is subject to the approval of the Idaho Public Utilities Commission.

DEFINITIONS:

"Customer" as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

"Cogeneration Facility" means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating, or cooling purposes, through the sequential use of energy.

"Daily Shape Adjustment" means an adjustment to rates based on a difference between on-peak (6 am to 10pm) rates and off-peak (10 pm to 6 am) rates of \$5 per MWh. The Daily Shape Adjustment increases the on-peak rate and decreases the off-peak rate such that the difference between the on-peak and off-peak rate is \$5/MWh and the average rate weighted by the number of on-peak and off-peak hours is equal to the unadjusted avoided cost.

"Eligibility Cap" means for all Qualifying Facilities except wind and solar Qualifying Facilities, ten (10) average megawatts in any given month. For wind and solar Qualifying Facilities, "Eligibility Cap" means one-hundred (100) kilowatts nameplate capacity.

"Facility" means the source of electricity owned by the Customer that is located on the Customer's side of the PCC, and all facilities ancillary and appurtenant thereto, including interconnection equipment, which the Customer requests to interconnect to the Company's distribution system.

"In-Service Date" means the date on which the Facility and System Modifications (if applicable) are complete and ready for service, even if the Facility is not placed in service on or by that date.

Issued March 27, 2014

Effective May 5, 2014

Issued by Avista Utilities

By

Kelly O. Norwood

VP, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62 – continued

“Integration Charges” means the integration charge applicable to wind generation approved by the Idaho Public Utilities Commission in Order No. 30500, or as superseded “Interconnection Service Agreement” is an agreement for interconnection service, between the Customer and the Company, or the Customer and a 3rd party transmission provider. The agreement also includes any amendments or supplements thereto entered into by the Customer and the Company.

“Market Rate” shall be 85 percent (85%) of the PowerDex hourly Mid-Columbia (“Mid-C”) index.

“Point Of Common Coupling” (or PCC) means the point where the Customer’s local electric power system connects to the Company’s distribution system, such as the electric power revenue meter or at the location of the equipment designated to interrupt, separate or disconnect the connection between the Customer and the Company.

“Qualifying Facility” shall mean a cogeneration Facility or a Small Power Production Facility that is a “Qualifying Facility” as that term is defined in the Federal Energy Regulatory Commission’s regulations, 18 C.F.R. § 292.101(b)(1) (2010), as may be amended or superseded.

“Seasonal Factors” means a seasonal weighting of 0.84 for the period March through June, and 1.08 for the period July through February.

“Small Power Production Facility” means the equipment used to produce output including electric energy solely by the use of biomass, waste, solar power, wind, water or any other renewable resource.

RATES:

The Company agrees to pay the following rates for the purchase of output from Facilities for which this tariff applies and that is delivered to the Company’s system. These rates are adjusted periodically and are on file with the Idaho Public Utilities Commission.

- (1) Levelized Fueled Rates – These rates shall apply when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Fueled Facilities. The rates shall apply to natural gas fueled Facilities and shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The adjustable component rate shall be changed periodically subject to Idaho Public Utilities Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.

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Kelly O. Norwood

VP, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62 - continued

- (2) Non-Levelized Fueled Rates – These rates shall apply when the Customer chooses to supply output including energy and capacity under Non-Levelized Avoided Cost Rates for Fueled Facilities. The fixed component rate shall be fixed for the term of the agreement. The adjustable component rate shall be changed periodically subject to Idaho Public Utilities Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (3) Short-Term Rate - The Short-Term Rate shall be applicable when the Customer chooses to supply output including energy and capacity at market-based rates under contract. The Short-Term Rate shall be the lower of the applicable Non-Levelized Non-Fueled Rate or the Market Rate. The rate is subject to a Seasonal Factor, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (4) Levelized Non-Fueled Rates - These rates shall apply when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use natural gas as their primary fuel. The rates shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (5) Non-Levelized Non-Fueled Rates - These rates shall apply when the Customer chooses to supply output including energy and capacity under a contract based on Non-Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use natural gas as their primary fuel, and shall be fixed for the term. The rates are subject to a Seasonal Factor, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output, for all kilowatt-hours up to the Eligibility Cap in any given month.

CONTRACTING PROCEDURES:

The Company agrees to adhere to the following contract procedures for the purchase of output from Customers who own Qualifying Facilities for which this tariff applies and that is delivered to the Company's system. These contracting procedures are adjusted periodically and are on file with the Idaho Public Utilities Commission.

Issued March 27, 2014

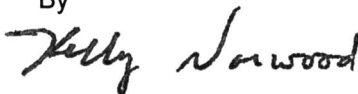
Effective May 5, 2014

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By

Kelly O. Norwood

VP, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62 – continued

(1) Procedures

A. To obtain an indicative pricing proposal for a proposed Qualifying Facility, the Customer shall provide the Company information that is reasonably required to develop such a proposal. General information regarding a Qualifying Facility shall include, but not be limited to:

- i) Qualifying Facility owner name, organizational structure and chart, and contact information;
- ii) generation and other related technology applicable to the Qualifying Facility;
- iii) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to the Company's electric system by the Qualifying Facility;
- iv) schedule of estimated Qualifying Facility electric output, in an 8,760-hour electronic spreadsheet format;
- v) ability, if any, of Qualifying Facility to respond to dispatch orders from the Company;
- vi) map of Qualifying Facility location, electrical interconnection point, and point of delivery;
- vii) anticipated commencement date for delivery of electric output;
- viii) list of acquired and outstanding Qualifying Facility permits, including a description of the status and timeline for acquisition of any outstanding permits;
- ix) demonstration of ability to obtain Qualifying Facility status;
- x) fuel type(s) and source(s);
- xi) plans to obtain, or actual, fuel and transportation agreements, if applicable;
- xii) where Qualifying Facility is or will be interconnected to an electrical system besides the Company's, plans to obtain, or actual, electricity transmission agreements with the interconnected system;
- xiii) interconnection agreement status; and
- xiv) proposed contracting term and pricing provisions for the sale of electric output to the Company (i.e., fixed, escalating, indexed).

B. Where the Company determines that the Customer has not provided sufficient information as required by Section (1)A, the Company shall, within ten (10) business days, notify the Customer in writing of any deficiencies.

Issued March 27, 2014

Effective May 5, 2014

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Kelly O. Norwood

VP, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62 – continued

- C. Following satisfactory receipt of all information required in Section (1)A, the Company shall, within twenty five (25) business days, provide the Customer with an indicative pricing proposal containing terms and conditions tailored to the individual characteristics of the proposed Qualifying Facility; provided, however, that for Qualifying Facilities eligible for Published Rates pursuant to the Idaho Public Utilities Commission's eligibility requirements, the Company will provide such indicative pricing proposal within ten (10) business days.
- D. The indicative pricing proposal provided to the Customer pursuant to Section (1)C will not be final or binding on either party. Prices and other terms and conditions will become final and binding on the parties under only two conditions:
- i) The prices and other terms contained in a power purchase agreement shall become final and binding upon full execution of such power purchase agreement by both parties and approval by the Idaho Public Utilities Commission, or
 - ii) The applicable prices that would apply at the time a complaint is filed by a Qualifying Facility with the Idaho Public Utilities Commission shall be final and binding upon approval of such prices by the Idaho Public Utilities Commission and a final non-appealable determination by the Idaho Public Utilities Commission that:
 - a. a "legally enforceable obligation" has arisen and, but for the conduct of the Company, there would be a contract, and
 - b. the Qualifying Facility can deliver its electrical output within 180 days of such determination.
- E. If the Customer desires to proceed with contracting its Qualifying Facility with the Company after reviewing the indicative pricing proposal, it shall request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the Customer shall provide the Company with any additional Qualifying Facility information that the Company reasonably determines necessary for the preparation of a draft power purchase agreement, which may include, but shall not be limited to:
- i) updated information of the categories described in Section (1)A;
 - ii) evidence of site control for the entire contracting term;

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Effective May 5, 2014

Issued by Avista Utilities
By

Kelly O. Norwood

VP, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62 – continued

- iii) anticipated timelines for completion of key Qualifying Facility milestones, to include:
 - a. licenses, permits, and other necessary approvals;
 - b. funding;
 - c. Qualifying Facility engineering and drawings;
 - d. significant equipment purchases;
 - e. construction agreement(s);
 - f. interconnection agreement(s); and
 - g. signing of 3rd-party transmission agreements, where applicable
 - iv) evidence that interconnection studies have been completed, and a demonstration that Qualifying Facility interconnection is to occur on or prior to the requested first delivery date; and,
 - v) additional information as explained in the Company's indicative pricing proposal.
- F. If the Company determines that the Customer has not provided sufficient information as required by Section (1)E, the Company shall, within ten (10) business days, notify the Customer in writing of any deficiency.
- G. Following satisfactory receipt of all information required in Section (1)E, the Company shall, within fifteen (15) business days, provide the Customer with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions. The draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.
- H. Within ninety (90) calendar days after its receipt of the draft power purchase agreement from the Company pursuant to Section (1)G, the Customer shall review the draft power purchase agreement and shall: a) notify the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and is ready to execute a contract with same or similar terms and conditions as the draft contract; or b) prepare an initial set of written comments and proposals based on the draft, and provide them to the Company. The Company shall not be obligated to commence negotiations with a Customer or draft a final contract unless or until the Company has timely received an initial set of written comments and proposals from the Customer, or notice from the Customer that it has no such comments or proposals, in accordance with this Section (1)H.


Issued March 27, 2014

Effective May 5, 2014

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Kelly O. Norwood

VP, State & Federal Regulation



AVISTA CORPORATION
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SCHEDULE 62 – continued

- I. After Customer has met the provisions of Section (1)H above, Customer shall contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties.
- J. In connection with any contract negotiations between the Company and the Customer, the Company:
- i) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the Customer;
 - ii) may request to visit the site of the proposed Qualifying Facility if such a visit has not previously occurred;
 - iii) shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed Qualifying Facility or proposed terms of the draft power purchase agreement;
 - iv) may request any additional information from the Customer necessary to finalize the terms of the power purchase agreement and to satisfy the Company's due diligence with respect to the Qualifying Facility.
- K. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, including the price paid for delivered power, the Company shall prepare and forward to the Customer, within ten (10) business days, a final, executable version of the power purchase agreement.
- L. The Customer shall, within five (5) business days, execute and return the final power purchase agreement to the Company.
- M. Where the Customer timely executes and returns the final power purchase agreement to the Company in accordance with Section (1)L, the Company will, within ten (10) business days of its receipt of the power purchase agreement executed by the Customer, execute such power purchase agreement and submit it to the Idaho Public Utilities Commission for approval.

Issued March 27, 2014

Effective May 5, 2014

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Kelly O. Norwood

VP, State & Federal Regulation



AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62 – continued

- N. Failure of the Customer to meet any timelines set forth in this Section relieves the Company of any obligation under this tariff until such time as the Customer resubmits its Qualifying Facility and the procedures begin anew. If the Customer does not execute the final power purchase agreement per Section (1)L, such final power purchase agreement shall be deemed withdrawn and the Company shall have no further obligation to the Customer under this tariff unless or until such time the Customer resubmits the Qualifying Facility to the Company in accordance with this Schedule.

(2) Interconnection and Transmission Agreements

- A. The Company's obligation to purchase Qualifying Facility electrical output from the Customer will be conditioned on the consummation of an interconnection agreement. Where the Qualifying Facility will not be physically located within the Company's electrical system, the Customer will need to consummate an interconnection agreement with the 3rd-party electrical system.
- B. Where the Qualifying Facility will be interconnected to a 3rd-party electrical system and is requesting either Published Rates, or rates based on firm delivery of its electrical output, the Company's obligation to purchase such electrical output will be conditioned on the Customer obtaining a firm transmission agreement or agreements to deliver all electrical output to the Company's system. Such agreement(s) shall have minimum terms equal to the lesser of: a) the term of the agreement being requested by the Qualifying Facility in Section (1)Axiv, or b) the minimum term required by the 3rd-party transmission entity to ensure firm roll over transmission rights.

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Effective May 5, 2014

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Tariff Sheets

Underline/Strikethrough

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62
COGENERATION AND SMALL POWER PRODUCTION SCHEDULE - IDAHO

AVAILABLE:

In all electric territory served by the Company in the State of Idaho.

APPLICABLE:

To Qualifying Facilities that intend to interconnect to the Company's electrical system at an interconnection point within the State of Idaho or that intend to deliver the output to the Company at a point of delivery on the Company's electrical system within the State of Idaho.

To be eligible for the rates provided under this tariff, the Facility must be a Qualifying Facility with a maximum generating capability equal to or less than the Eligibility Cap.

A Customer-customer selling the output of any Qualifying Facility (including both Qualifying Facilities with a maximum generating capability equal to or less than the Eligibility Cap and Qualifying Facilities with a maximum generating capability greater than the Eligibility Cap) under this tariff will be required to enter into a written agreement with the Company in accordance with the contracting procedures set forth in this tariff. Any such agreement that is subject to the approval of the Idaho Public Utilities Commission

DEFINITIONS:

"Customer" as used herein means any individual, partnership, corporation, association, governmental agency, political subdivision, municipality or other entity.

"Cogeneration Facility" means equipment used to produce electric energy and forms of useful thermal energy (such as heat or steam), used for industrial, commercial, heating, or cooling purposes, through the sequential use of energy.

"Daily Shape Adjustment" means an adjustment to rates based on a difference between on-peak (6 am to 10pm) rates and off-peak (10 pm to 6 am) rates of \$5 per MWh. The Daily Shape Adjustment increases the on-peak rate and decreases the off-peak rate such that the difference between the on-peak and off-peak rate is \$5/MWh and the average rate weighted by the number of on-peak and off-peak hours is equal to the unadjusted avoided cost.

"Eligibility Cap" means for all Qualifying Facilities except wind and solar Qualifying Facilities, ten (10) average megawatts in any given month. For wind and solar Qualifying Facilities, "Eligibility Cap" means one-hundred (100) kilowatts nameplate capacity.

"Facility" means the source of electricity owned by the Customer that is located on the Customer's side of the PCC, and all facilities ancillary and appurtenant thereto, including interconnection equipment, which the Customer requests to interconnect to the Company's distribution system.

"In-Service Date" means the date on which the Facility and System Modifications (if applicable) are complete and ready for service, even if the Facility is not placed in service on or by that date.

Issued March 8, 2012March 27, 2014

Effective May 1, 2012May 5, 2014

Issued by Avista Utilities
By

Kelly O. Norwood

VP, State & Federal Regulation

AVISTA CORPORATION
dba Avista Utilities

SCHEDULE 62 – continued

“Integration Charges” means the integration charge applicable to wind generation approved by the Idaho Public Utilities Commission in Order No. 30500, or as superseded “Interconnection Service Agreement” is an agreement for interconnection service, between the Customer and the Company, or the Customer and a 3rd party transmission provider. The agreement also includes any amendments or supplements thereto entered into by the Customer and the Company.

“Market Rate” shall be 85 percent (85%) of the ~~weighted average of the Intereontinental Exehange (“ICE”) daily On and Off Peak Non Firm energy Index prices for electricity at the Mid-Columbia hub (“Mid-C”).~~ PowerDex hourly Mid-Columbia hub (“Mid-C”) index.

“Point Of Common Coupling” (or PCC) means the point where the Customer’s local electric power system connects to the Company’s distribution system, such as the electric power revenue meter or at the location of the equipment designated to interrupt, separate or disconnect the connection between the Customer and the Company.

“Qualifying Facility” shall mean a cogeneration Facility or a Small Power Production Facility that is a “Qualifying Facility” as that term is defined in the Federal Energy Regulatory Commission’s regulations, 18 C.F.R. § 292.101(b)(1) (2010), as may be amended or superseded.

“Seasonal Factors” means a seasonal weighting of 0.84 for the period March through June, and 1.08 for the period July through February.

“Small Power Production Facility” means the equipment used to produce output including electric energy solely by the use of biomass, waste, solar power, wind, water or any other renewable resource.

RATES:

The Company agrees to pay the following rates for the purchase of output from Facilities for which this tariff applies and that is delivered to the Company’s system. These rates are adjusted periodically and are on file with the Idaho Public Utilities Commission.

- (1) Levelized Fueled Rates – These rates shall apply when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Fueled Facilities. The rates shall apply to natural gas fueled Facilities and shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The adjustable component rate shall be changed periodically subject to Idaho Public Utilities Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.

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SCHEDULE 62 - continued

- (2) Non-Levelized Fueled Rates – These rates shall apply when the Customer chooses to supply output including energy and capacity under Non-Levelized Avoided Cost Rates for Fueled Facilities. The fixed component rate shall be fixed for the term of the agreement. The adjustable component rate shall be changed periodically subject to Idaho Public Utilities Commission orders. Both the fixed and adjustable rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (3) Short-Term Rate - The Short-Term Rate shall be applicable when the Customer chooses to supply output including energy and capacity at market-based rates under contract. The Short-Term Rate shall be the lower of the applicable Non-Levelized Non-Fueled Rate or the Market Rate. The rate is subject to a Seasonal Factor, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (4) Levelized Non-Fueled Rates - These rates shall apply when the Customer chooses to supply output including energy and capacity under Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use natural gas as their primary fuel. The rates shall depend upon the on-line operation date and term of the agreement and shall be fixed for the term. The rate components are subject to Seasonal Factors, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output for all kilowatt-hours up to the Eligibility Cap in any given month.
- (5) Non-Levelized Non-Fueled Rates - These rates shall apply when the Customer chooses to supply output including energy and capacity under a contract based on Non-Levelized Avoided Cost Rates for Non-Fueled Facilities. These rates shall apply to Facilities that do not use natural gas as their primary fuel, and shall be fixed for the term. The rates are subject to a Seasonal Factor, a Daily Shape Adjustment, and Integration Charges. The resultant rate shall be applied to the Facility output, for all kilowatt-hours up to the Eligibility Cap in any given month.

CONTRACTING PROCEDURES:

The Company agrees to adhere to the following contract procedures for the purchase of output from Customers who own Qualifying Facilities for which this tariff applies and that is delivered to the Company's system. These contracting procedures are adjusted periodically and are on file with the Idaho Public Utilities Commission.

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SCHEDULE 62 – continued

(1) Procedures

A. To obtain an indicative pricing proposal for a proposed Qualifying Facility, the Customer shall provide the Company information that is reasonably required to develop such a proposal. General information regarding a Qualifying Facility shall include, but not be limited to:

- i) Qualifying Facility owner name, organizational structure and chart, and contact information;
- ii) generation and other related technology applicable to the Qualifying Facility;
- iii) design capacity, station service requirements, and the net amount of power, all in kilowatts (kW), to be delivered to the Company's electric system by the Qualifying Facility;
- iv) schedule of estimated Qualifying Facility electric output, in an 8,760-hour electronic spreadsheet format;
- v) ability, if any, of Qualifying Facility to respond to dispatch orders from the Company;
- vi) map of Qualifying Facility location, electrical interconnection point, and point of delivery;
- vii) anticipated commencement date for delivery of electric output;
- viii) list of acquired and outstanding Qualifying Facility permits, including a description of the status and timeline for acquisition of any outstanding permits;
- ix) demonstration of ability to obtain Qualifying Facility status;
- x) fuel type(s) and source(s);
- xi) plans to obtain, or actual, fuel and transportation agreements, if applicable;
- xii) where Qualifying Facility is or will be interconnected to an electrical system besides the Company's, plans to obtain, or actual, electricity transmission agreements with the interconnected system;
- xiii) interconnection agreement status; and
- xiv) proposed contracting term and pricing provisions for the sale of electric output to the Company (i.e., fixed, escalating, indexed).

B. Where the Company determines that the Customer has not provided sufficient information as required by Section (1).A, the Company shall, within ten (10) business days, notify the Customer in writing of any deficiencies.

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SCHEDULE 62 – continued

- C. Following satisfactory receipt of all information required in Section (1).A, the Company shall, within twenty five (25) business days, provide the Customer with an indicative pricing proposal containing terms and conditions tailored to the individual characteristics of the proposed Qualifying Facility; provided, however, that for Qualifying Facilities eligible for Published Rates pursuant to the Idaho Public Utilities Commission's eligibility requirements, the Company will provide such indicative pricing proposal within ten (10) business days.
- D. The indicative pricing proposal provided to the Customer pursuant to Section (1)C will not be final or binding on either party. Prices and other terms and conditions will become final and binding on the parties under only two conditions:
- i) The prices and other terms contained in a power purchase agreement shall become final and binding upon full execution of such power purchase agreement by both parties and approval by the Idaho Public Utilities Commission, or
 - ii) The applicable prices that would apply at the time a complaint is filed by a Qualifying Facility with the Idaho Public Utilities Commission shall be final and binding upon approval of such prices by the Idaho Public Utilities Commission and a final non-appealable determination by the Idaho Public Utilities Commission that:
 - a. a "legally enforceable obligation" has arisen and, but for the conduct of the Company, there would be a contract, and
 - b. the Qualifying Facility can deliver its electrical output within 180 days of such determination.
- E. If the Customer desires to proceed with contracting its Qualifying Facility with the Company after reviewing the indicative pricing proposal, it shall request in writing that the Company prepare a draft power purchase agreement to serve as the basis for negotiations between the parties. In connection with such request, the Customer shall provide the Company with any additional Qualifying Facility information that the Company reasonably determines necessary for the preparation of a draft power purchase agreement, which may include, but shall not be limited to:
- i) updated information of the categories described in Section (1).A;
 - ii) evidence of site control for the entire contracting term;

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SCHEDULE 62 – continued

- iii) anticipated timelines for completion of key Qualifying Facility milestones, to include:
 - a. licenses, permits, and other necessary approvals;
 - b. funding;
 - c. Qualifying Facility engineering and drawings;
 - d. significant equipment purchases;
 - e. construction agreement(s);
 - f. interconnection agreement(s); and
 - g. signing of 3rd-party transmission agreements, where applicable
 - iv) evidence that interconnection studies have been completed, and a demonstration that Qualifying Facility interconnection is to occur on or prior to the requested first delivery date; and,
 - v) additional information as explained in the Company's indicative pricing proposal.
- F. If the Company determines that the Customer has not provided sufficient information as required by Section (1).E, the Company shall, within ten (10) business days, notify the Customer in writing of any deficiency.
- G. Following satisfactory receipt of all information required in Section (1).E, the Company shall, within fifteen (15) business days, provide the Customer with a draft power purchase agreement containing a comprehensive set of proposed terms and conditions. The draft shall serve as the basis for subsequent negotiations between the parties and, unless clearly indicated, shall not be construed as a binding proposal by the Company.
- H. Within ninety (90) calendar days after its receipt of the draft power purchase agreement from the Company pursuant to Section (1).G, the Customer shall review the draft power purchase agreement and shall: a) notify the Company in writing that it accepts the terms and conditions of the draft power purchase agreement and is ready to execute a contract with same or similar terms and conditions as the draft contract; or b) prepare an initial set of written comments and proposals based on the draft, and provide them to the Company. The Company shall not be obligated to commence negotiations with a Customer or draft a final contract unless or until the Company has timely received an initial set of written comments and proposals from the Customer, or notice from the Customer that it has no such comments or proposals, in accordance with this Section (1).H.

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SCHEDULE 62 – continued

- I. After Customer has met the provisions of Section (1).H above, Customer shall contact the Company to schedule contract negotiations at such times and places as are mutually agreeable to the parties.
- J. In connection with any contract negotiations between the Company and the Customer, the Company:
- i) shall not unreasonably delay negotiations and shall respond in good faith to any additions, deletions or modifications to the draft power purchase agreement that are proposed by the Customer;
 - ii) may request to visit the site of the proposed Qualifying Facility if such a visit has not previously occurred;
 - iii) shall update its pricing proposals at appropriate intervals to accommodate any changes to the Company's avoided-cost calculations, the proposed Qualifying Facility or proposed terms of the draft power purchase agreement;
 - iv) may request any additional information from the Customer necessary to finalize the terms of the power purchase agreement and to satisfy the Company's due diligence with respect to the Qualifying Facility; and,
 - v) shall resolve disputes related to power purchase agreement terms consistent with Section (3) of this tariff.
- K. When both parties are in full agreement as to all terms and conditions of the draft power purchase agreement, including the price paid for delivered power, the Company shall prepare and forward to the Customer, within ten (10) business days, a final, executable version of the power purchase agreement.
- L. The Customer shall, within five (5) business days, execute and return the final power purchase agreement to the Company.
- M. Where the Customer timely executes and returns the final power purchase agreement to the Company in accordance with Section (1).L, the Company will, within ten (10) business days of its receipt of the power purchase agreement executed by the Customer, execute such power purchase agreement and submit it to the Idaho Public Utilities Commission for approval.

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SCHEDULE 62 – continued

N. Failure of the Customer to meet any timelines set forth in this Section relieves the Company of any obligation under this tariff until such time as the Customer resubmits its Qualifying Facility and the procedures begin anew. If the Customer does not execute the final power purchase agreement per Section (1).L, such final power purchase agreement shall be deemed withdrawn and the Company shall have no further obligation to the Customer under this tariff unless or until such time the Customer resubmits the Qualifying Facility to the Company in accordance with this Schedule.

(2) Interconnection and Transmission Agreements

- A. The Company's obligation to purchase Qualifying Facility electrical output from the Customer will be conditioned on the consummation of an interconnection agreement. Where the Qualifying Facility will not be physically located within the Company's electrical system, the Customer will need to consummate an interconnection agreement with the 3rd-party electrical system.
- B. Where the Qualifying Facility will be interconnected to a 3rd-party electrical system and is requesting either Published Rates, or rates based on firm delivery of its electrical output, the Company's obligation to purchase such electrical output will be conditioned on the Customer obtaining a firm transmission agreement or agreements to deliver all electrical output to the Company's system. Such agreement(s) shall have minimum terms equal to the lesser of: a) the term of the agreement being requested by the Qualifying Facility in Section (1).A.xiv, or b) the minimum term required by the 3rd-party transmission entity to ensure firm roll over transmission rights.

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